



Evolving Payment Systems: Medicaid Work Requirements

Mental Health America
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Objectives

1. Learn about Medicaid work requirement guidance announced by the federal administration in January 2018.
2. Understand state work requirement efforts and effects on people with mental health and substance use conditions.
3. Identify other access to coverage issues for people with mental health and substance use conditions.
4. Learn tips to create a winning advocacy strategy for talking to state leaders and constituents.

Medicaid

Section 1901 of the Social Security Act appropriates funds so states can “furnish (1) medical assistance on behalf of families with dependent children and of aged, blind, or disabled individuals, whose income and resources are insufficient to meet the costs of necessary medical services, and (2) rehabilitation and other services to help such families and individuals attain or retain capability for independence or self-care.”

Section 1115 Demonstration Waivers

Section 1115 authority is broad, but there are limits:

- States must show that their proposed waivers are necessary to carry out a demonstration project that not only is experimental in nature, but will promote the objectives of Medicaid, such as expanding coverage or access to care.

CMS Under New Administration in 2017

- ❖ Health and Human Services (HHS) Department Secretary, Tom Price (Georgia)
 - ❖ replaced by Alex Azar in 2018
- ❖ Center for Medicare and Medicaid Services (CMS) Administrator, Seema Verma (Indiana)

Objectives:

- Obamacare repeal
- State flexibility
- Waiver fast tracking

Undercutting coverage

Cost Sharing Reduction payments

Repeal of individual mandate

Short term plan changes

Association health plan changes

Upholding the Affordable Care Act

- Idaho tried to exempt “state-based” plans from ACA requirements including: community rating, maternal coverage, lifetime limits, no-cost preventive care, pediatric oral and dental coverage, etc.
- CMS following ACA directive to uphold the law, has given 30 days (from March 8) to come into compliance with ACA
- Suggested “short term plans” instead

CMS Guidance Issued January 11, 2018

Allows states to create work or community engagement eligibility criteria to “help families rise out of poverty through work promotion”

Many states considering work requirements

Pending Applications

Arizona

Kansas

Maine

Mississippi

North Carolina

Utah

Wisconsin

No application pending (yet)

Alabama

Louisiana

New Hampshire

Ohio

Pennsylvania*

South Dakota

South Carolina

Tennessee*

* Indicates legislative proposals introduced

What is considered work?

- Employment
- Job Search
- Job Training
- Volunteering
- Education



Kentucky
80 hours
per
month



Indiana
up to 20
hours per
week



Arkansas
80 hours
per
month

CMS Guidance Issued January 2018

Exemptions include:

- Pregnancy
- Disability (i.e., disabling medical condition)
- Senior status
- Medically “frail”

Exemptions may or may not include:

- Mental illness
- Substance use disorders (including opioid disorder)
- Disabilities that do not meet rigorous federal SSDI standards
- Family caregivers

State Examples of Exemptions

Kentucky/Indiana:

- Children
- Students (KY full-time only)
- Pregnant women
- Child and disabled adult caretakers
- Medically “frail” persons
- People in active SUD treatment (IN)
- Former foster youth (IN)
- People over 64 years (IN 59 years)
- Homeless (IN)

Arkansas:

- Persons under 19 years and over 49 years old
- Full time student
- Medically “frail”
- Pregnant women
- Receiving Unemployment Benefits
- **Child and dependent adult caretakers**
- **Over 50 years**
- **Full time student**
- **Participating in SUD treatment or rehabilitation**
- **Catastrophic event**

***Bold** indicates SNAP exemption

Non-Payment and Non-Reporting Repercussions

| State | MH/SUD | Premium | Cost-Sharing | Penalty | Other |
|-----------|------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|---------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| KY | <ul style="list-style-type: none"> - SMI considered medically frail - SUD exempt | Yes, \$1-\$15 sliding scale based on income | On par with federal Medicaid standards | Up to 6 mo. lock out for not: meeting PATH work requirement (or meet re-entry req.), paying premiums, re-enrolling, or reporting income changes. | <ul style="list-style-type: none"> - Eliminates IMD exclusion for facilities with 16+ beds (SUD) - Adds high deductible HSA |
| IN | <ul style="list-style-type: none"> - SMI considered medically frail - SUD in active treatment exempt | Optional, pay using HSA named "POWER" or pay co-pay instead | Given approval to test high cost-sharing for non-emergency services | 1 mo. suspension for not reporting work like activities. 3 mo. lockout for people above FPL who fail to pay premiums or renew coverage. | <ul style="list-style-type: none"> - Voluntary work search referral - Optional retroactive cov. - Eliminates IMD exclusion for facilities with 16+ beds (SUD) |
| AR | <ul style="list-style-type: none"> - "Mentally unfit" exempt - SUD in active treatment exempt | Yes, \$5-\$25 based on income if above FPL | On par with federal Medicaid standards | Lock out for remainder of calendar year for failing to meet work requirements. | <ul style="list-style-type: none"> - No retroactive coverage |

What are the tradeoffs?

States get:

- Control
- Premiums - “skin in the game”
- Lockout capability - non-pay, non-report
- Save money - disenrollment due to income

Stakeholders get:

- Waivers can cover more lives
- Possibility of more vocational rehabilitation and supported employment funding
- Greater access to SUD treatment – IMD exclusion waived



Cost Estimates for States

\$600 million in Pennsylvania

\$374 million in Kentucky

\$200 million in Michigan

\$135 million in Arkansas

\$38 million in Tennessee*

Wisconsin (no dollar amount reported)

Beyond work requirements...

- In Arkansas, instead of including people with incomes up to 138% of the FPL, as statute says in ACA, Arkansas set its expansion income limit at 100 % of FPL, a change that would remove an estimated 60,000 people from its rolls
- Arkansas was denied this request, ACA upheld

Is Kentucky Paying More to Cover Less?

- High costs for administrative bureaucracy that is not directed to health care
- Up to 90% federal match for tech costs, 50% for operations costs covered
- \$374 million up front over two years for IT and staff for just 200K or 7% of enrollees

What happened with requirements in TANF?

* People lose benefits

* An Urban Institute report (Pavetti 2016), found that:

1. Employment increases were modest and decreased with time
2. Work requirements did not increase stable employment in most cases
3. Recipients with major employment barriers, such as physical and mental health conditions, did not find work
4. Most recipients remained poor

Percentage of people with MH needs in Expansion population

- 18% of Ohio expansion enrollees
 - 20% of Michigan expansion enrollees
 - 20% of Kentucky expansion enrollees
- reported that they had a mental health condition that impaired their ability to function.

Why exemption for MH may not help

- Many who qualify for an exemption may have trouble proving it.
- The impact of a mental illness on the ability to function often fluctuates, which can lead to inconsistent attendance at work or sudden job loss.
- People with mental illness disproportionately face other barriers to work such as past involvement with the criminal justice system.

How states can support work

Instead of implementing punitive policies requiring work, states can use Medicaid to support work through voluntary supported employment services programs.

- Several states, including Iowa, Mississippi, Wisconsin, and Washington have implemented supported employment programs for people with mental illness.
- States provide an array of services, such as skills assessment, assistance with job search and job applications, job development and placement, job training, and negotiation with prospective employers.
- Additional supports may include transportation assistance and child care.

What Affiliates Can Do...

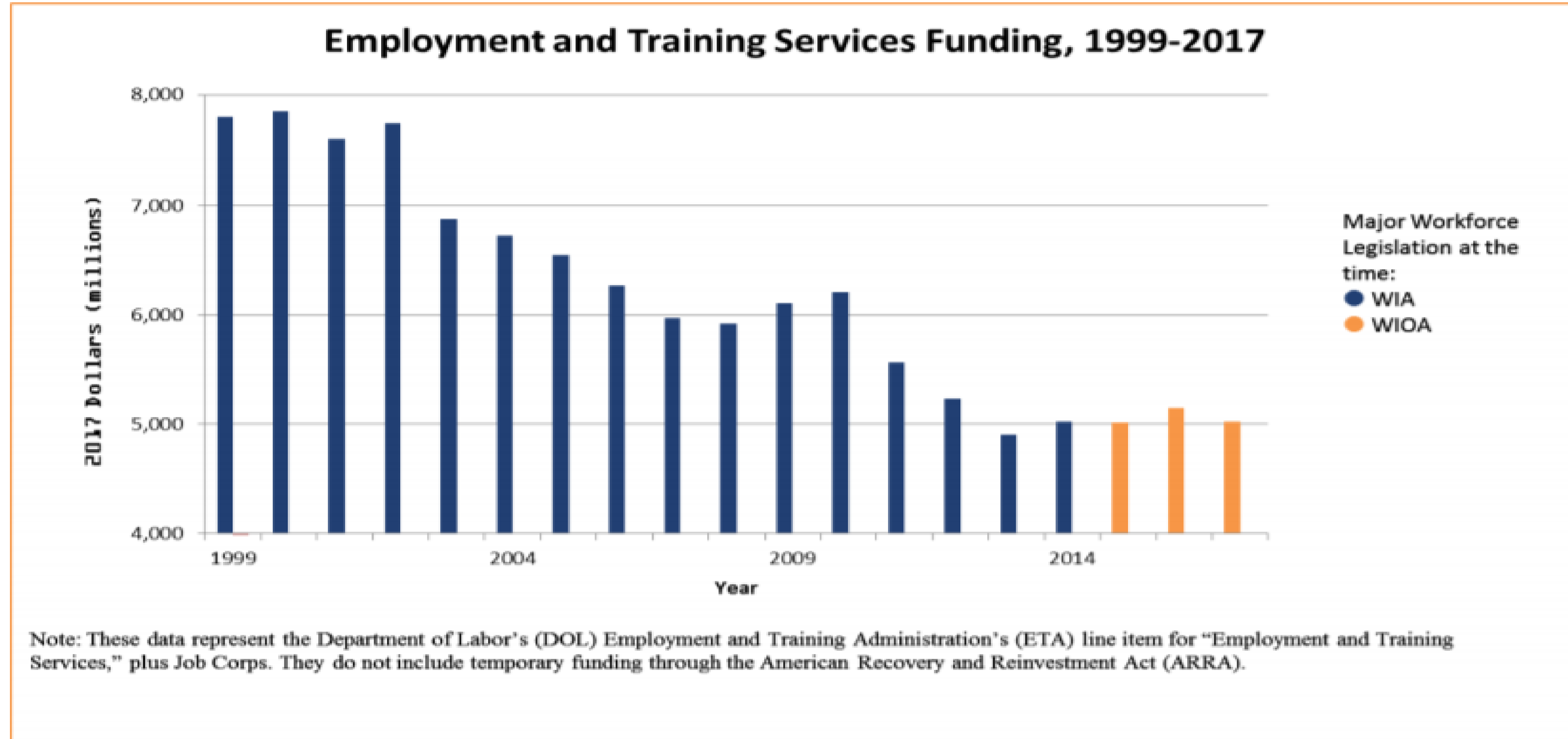
1115 waivers require both a minimum 30-day state comment period and a 30 day federal public notice period.

- Affiliates can comment during both open periods
- Affiliates can meet with state agency staff to address exemptions and the process for these
- Push to be involved in developing these policies

Asks to make, Actions to take

- What is the budget/cost estimate for the proposed waiver?
- Will people with MH/SUD be included in the state definition of “medically frail?”
- Push for Medicaid expansion to be a ballot initiative in November. (Advocates already doing this in Nebraska, Utah, Idaho, Missouri).
- Inform leaders that work requirements alone are not proven to increase workforce participation.

Federal Funding for Employment and Training



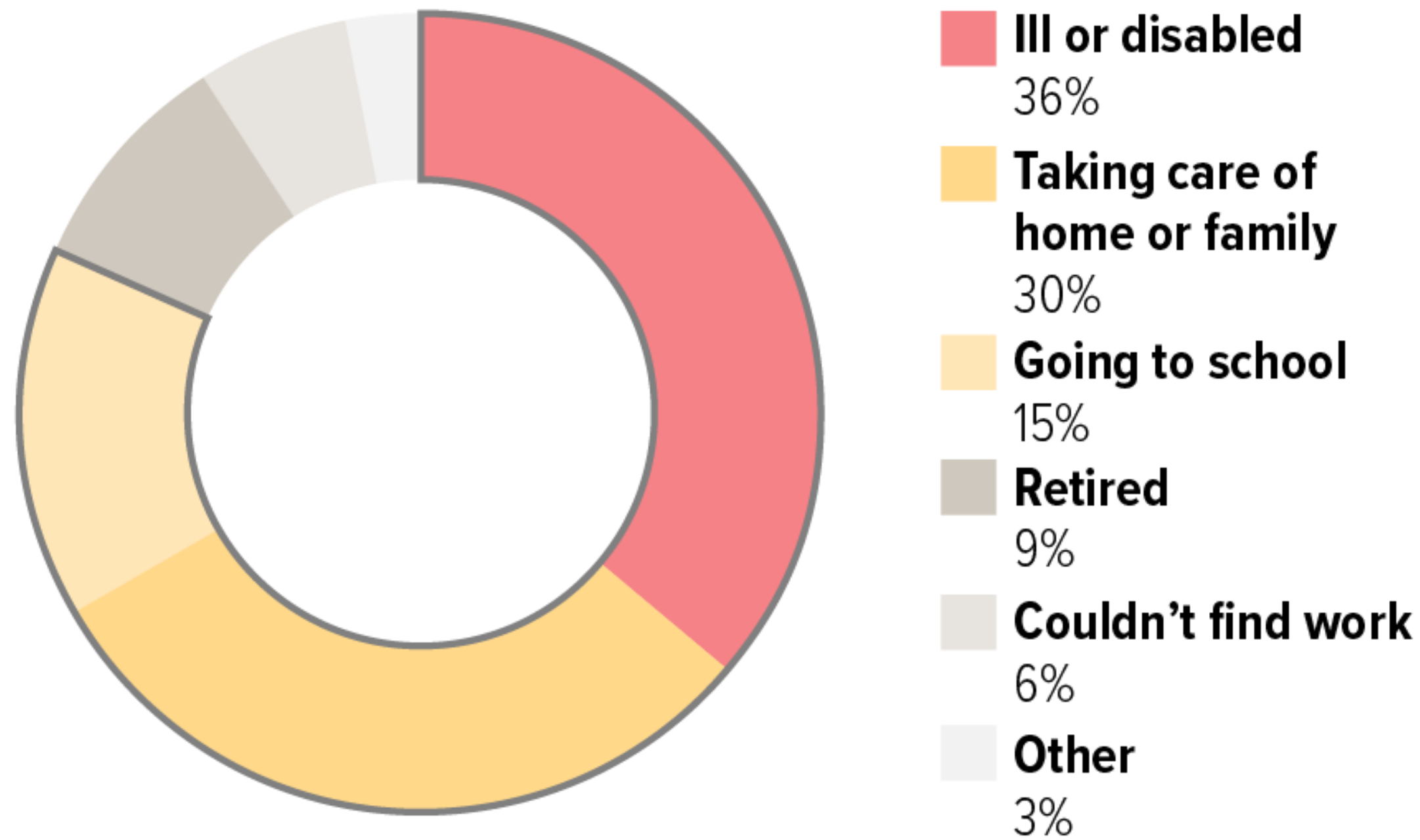
Messaging

In a report by the Center for American Progress, it was found:

- When voters understand the work requirements they oppose them. Instead of saying you oppose work requirements say you **oppose denying Medicaid benefits** if people can't work a certain number of hours.
- Along with opposing the benefits you should propose something positive. In this case talk about **increasing support for people** to find and keep jobs, availability of transportation, etc.
- Do not appeal to pity, instead talk about assuring basic living standards; putting food on the table and a roof over our heads. However, disability is a powerful lens so talking about **requiring people with disabilities to work** in order to get basic health care is a good message.

Most Adults With Medicaid Work – And Those Who Don't Mainly Are Ill or Disabled, Caring For Family, or Going to School

Main reasons that non-disabled, non-elderly adult with Medicaid did not work in 2016



Note: Includes nonelderly adults who do not receive Supplemental Security Income (SSI)

Source: Kaiser Family Foundation analysis of March 2017 Current Population Survey

Questions and Discussion

(What is happening in your state?)

Bibliography/Resources

This presentation relied on reports by:

1. [Center on Budget Policy and Priorities](#)
2. [Kaiser Family Foundation](#)
3. [Families USA](#)
4. [Center for Medicare and Medicaid Services](#)
5. [Center for Law and Social Policy](#)

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THANKS FOR JOINING!

